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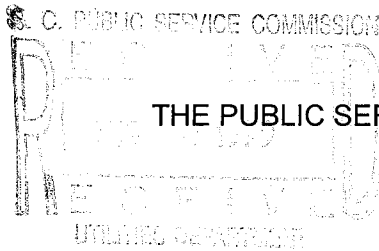
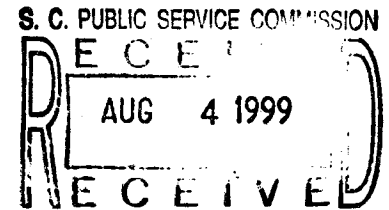
SIGFIELD WATER COMPANY, INC.

TESTIMONY OF KEITH A. MURPHY

FOR

THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 97-131-W



1 Q: WOULD YOU PLEASE STATE YOUR NAME, ADDRESS, PLACE OF EMPLOYMENT
2 AND OCCUPATION?

3 A: My name is Keith Murphy. My address is 5934 North Trenholm Road, Columbia, South
4 Carolina. I am employed by the City of Cayce Utilities Department as Superintendent of
5 Treatment Facilities.

6 Q: PLEASE BRIEFLY OUTLINE YOUR EDUCATIONAL BACKGROUND AND
7 EXPERIENCE.

8 A: I attended The Citadel in Charleston, South Carolina, from 1975 until 1978 where I studied
9 civil engineering. From 1978 to 1980, I was employed by Seabrook Island Utilities in
10 Charleston, South Carolina as an operator. In that position, I was involved in all aspects
11 of new construction, repairs, and operation of water, wastewater, stormwater and electrical
12 facilities on the Island. I was also responsible for the management of over 30 lift stations,
13 wastewater plants, well construction and distribution system. From 1980 to 1981, I was
14 employed by the City of Columbia Wastewater Treatment Plant in Columbia, South Carolina
15 as an operator for Incineration and Dewatering. From 1981 until 1997, I was employed by
16 Carolina Water Service in West Columbia, South Carolina. From 1981 until 1984, I held the
17 position of Operator/Manager. My responsibilities consisted of operation of a 1.2 million
18 gallons per day, wastewater plant as well as other water and wastewater treatment facilities
19 in the Columbia Area. I also developed a tracking process to keep up with 300-500 new

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1 also oversee the pretreatment program for the City.

2 **Q: ARE YOU TESTIFYING TODAY IN YOUR CAPACITY AS AN EMPLOYEE OF THE CITY**
3 **OF CAYCE?**

4 **A:** No. My Testimony is in no way related to my employment with the City of Cayce.

5 **Q: DO YOU CONTEND THAT THE CITY OF CAYCE APPROVES OF OR IN ANY WAY**
6 **ENDORSES YOUR TESTIMONY?**

7 **A:** No. My Testimony is my independent, professional opinion on this matter and it is not
8 endorsed by the City of Cayce. My testifying here today is not as a representative of the
9 City of Cayce in any manner or capacity.

10 **Q: ARE YOU ON DUTY WITH THE CITY OF CAYCE TODAY AND ARE YOU BEING PAID**
11 **BY THE CITY TODAY?**

12 **A:** No. I have taken the day off from my duties with the City of Cayce and I am not being paid
13 to perform my regular duties today.

14 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

15 **A:** My Testimony is filed as a witness for the Company to provide my professional opinion on
16 the reasonableness of the Management Agreement which has been filed by the Company
17 for approval by this Commission.

18 **Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

19 **A:** I have had the privilege of testifying before this Commission on many occasions as related
20 to my duties with the private water company with whom I was previously employed.

21 **Q: HAVE YOU REVIEWED THE MANAGEMENT AGREEMENT REFERENCED**
22 **HEREINABOVE AND DO YOU HAVE AN OPINION ON THE REASONABLENESS OF**
23 **THE SAME?**

24 **A:** Yes. I have completed a careful and intensive review of all documents pertinent to the

1 operation of this water system and the Management Agreement itself and, in my
2 professional opinion, the Agreement is very reasonable as to scope, duties performed, and
3 compensation paid for performance thereof.

4 **Q: CAN YOU ELABORATE ON YOUR OPINION?**

5 **A:** Sumter Reforestation, Inc. is on call twenty-four hours a day, three hundred sixty-five days
6 a year. The Company has provided telephone numbers by which the customers can
7 contact Sumter Reforestation, Inc. at all times. Additionally, Sumter Reforestation, Inc.
8 assists with all regular day-to-day operational duties for the system, all as outlined in the
9 Management Agreement.

10 **Q: DO YOU HAVE AN OPINION ON HOW WELL SUMTER REFORESTATION, INC. HAS**
11 **PERFORMED ITS DUTIES?**

12 **A:** Yes. It appears that there were virtually no service complaints from system customers until
13 the Company filed for a rate increase. I also note that DHEC and the Commission Staff
14 have approved of the operation of the system.

15 **Q: SPECIFICALLY, DO YOU BELIEVE THAT \$12,000.00 PER YEAR IS REASONABLE**
16 **COMPENSATION FOR THE SERVICES PROVIDED BY SUMTER REFORESTATION,**
17 **INC.?**

18 **A:** Yes. My opinion is in light of the reliable service provided by Sumter Reforestation, Inc. and
19 the fact that it is on call twenty-four hours a day, three hundred sixty-five days a year.
20 Additionally, I have taken into account the considerable scope of the duties required by the
21 Management Agreement. Finally, it is my professional opinion that the duties required and
22 work performed by Sumter Reforestation, Inc., exceed those services which could be
23 realistically obtained from a "stranger" for compensation of \$12,000.00 per year. By way
24 of explanation, I mean that Mr. Sigmon and his Company's performance of duties required

1 by the Management Agreement, are performed for compensation of \$12,000.00 per year.
2 Mr. Sigmon and his Company's willingness to perform these duties for compensation in this
3 amount is probably a function of Mr. Sigmon's relationship with his customers and his
4 benevolent attempt to provide the same customers with a safe and reliable water system
5 at affordable prices.

6 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

7 **A:** Yes.